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GHANA'S AGRICULTURAL ECONOMY IN BRIEF

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ERS-FOREIGN 246 FOREIGN REGIONAL ANALYSIS DIVISION DECEMBER 1968

SUMMARY

Ghana became an independent state on March 6, 1957, with the merger of the Gold Coast, a British colony, and British Togoland, a United Nations Trusteeship. Named after a West African empire which reached the height of its power during the eleventh century, Ghana was the first Black African colony to achieve independence.

The agricultural sector is the most important in Ghana's economy, accounting for approximately 50 percent of the gross domestic product. Farm commodities make up 70 percent of the value of Ghana's total exports. Within the agricultural sector, cocoa is the main cash crop. One-third of the value of agricultural production and two-thirds of export earnings are provided by cocoa. Ghana is the world's largest producer of cocoa, contributing about 30 percent of total production.

The United States is Ghana's best market for cocoa products; such imports were valued at $40 million in 1967. U.S. agricultural exports to Ghana include rice, wheat flour, cotton, and inedible tallow. P.L. 480 commodities now are an important part of this trade.

POPULATION

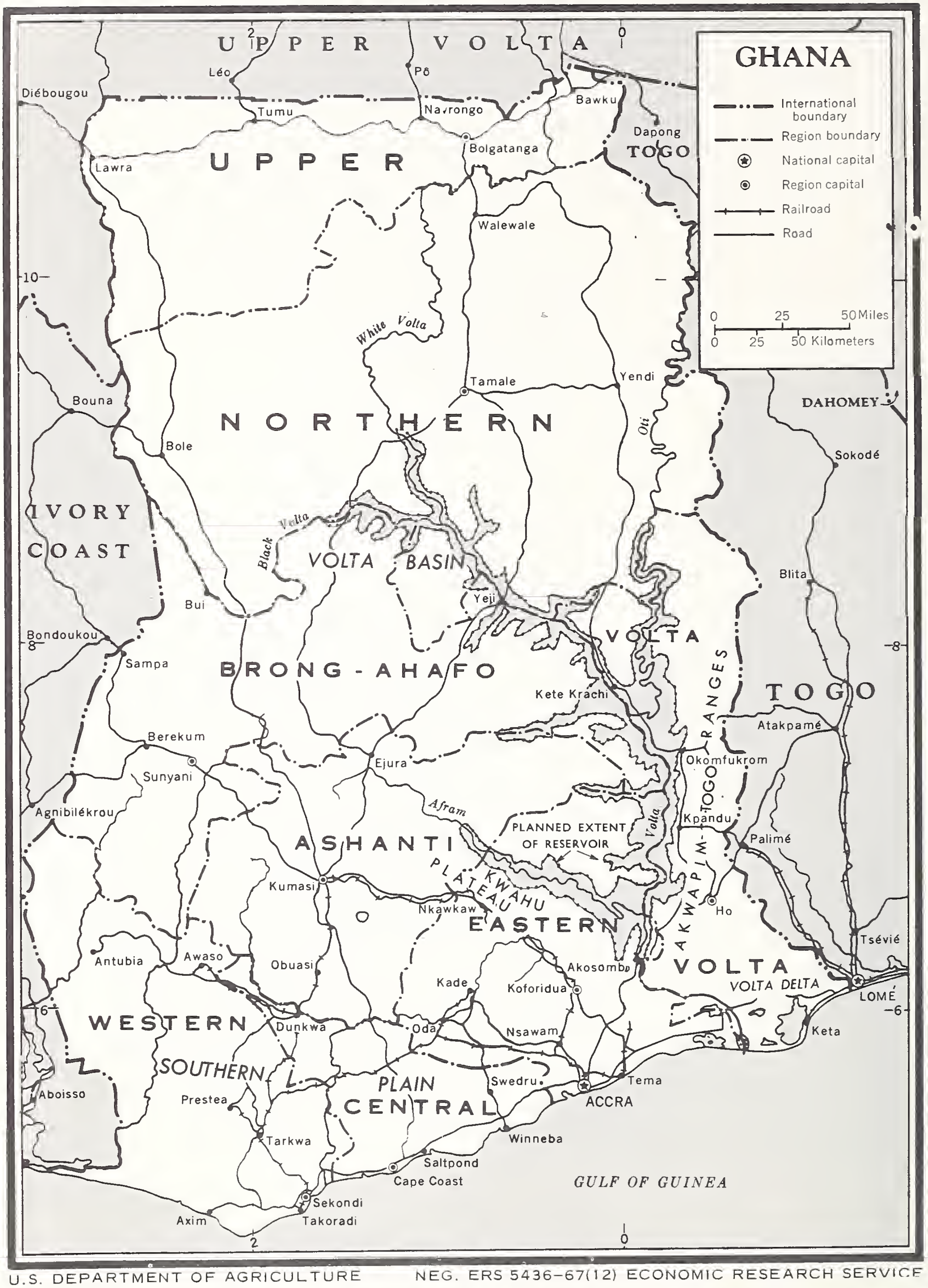
The population of Ghana was estimated to be 8.4 million in mid-1968 and is growing at about 2.7 percent annually. The density of the population varies from more than 200 per square mile in the coastal area and the northeast and northwest corners of the country to 15 per square mile in the central part of the northern savanna. The average density is about 90 persons.

About 20 percent of the population lives in urban areas. There are about 50 different ethnic groups within Ghana, the major ones being the Mole-Dagbane speaking peoples of the north and the Akan, Ga, and Ewe groups in the south. The non-African population of Ghana is around 15,000--mostly Europeans and Lebanese.

LAND AND CLIMATE

Ghana is bounded on the east by Togo, on the north by Upper Volta, on the west by the Ivory Coast, and on the south by the Gulf of Guinea (the Atlantic Ocean). With a total area of 91,843 square miles, Ghana is approximately the size of Indiana

Economic Research Service U.S. Department of Agriculture



U.S. DEPARTMENT OF AGRICULTURE NEG. ERS 5436-67(12) ECONOMIC RESEARCH SERVICE and Illinois combined. An estimated 14 percent of the land is in crops. The country is relatively flat, with half of it less than 500 feet above sea level and the highest point only 2,900 feet.

The largest river in Ghana is the Volta, which with its tributaries, dominates the drainage of a major portion of the country. Practically all the rivers north and east of the Kwahu Plateau form part of the Volta system. To the south of the plateau, several smaller systems flow directly into the Gulf of Guinea. Only three of the rivers are navigable for any distance.

There are three main geographic regions in Ghana: the northern savanna, the forest, and the coastal savanna. The northern savanna covers an area of some 60,000 square miles and is bounded on the south by the Kwahu Plateau and on the southeast by the Akwapim-Togo ranges. The coastal savanna is a thin strip of land stretching from Takoradi in the west to Togo in the east. It is as narrow as 5 miles in the west and widens to around 50 miles to the east of Accra. The forest zone lies between the other two zones, stretching 170 miles from the coast west of Takoradi northeast to the Kwahu Plateau, with a narrow strip going north from the confluence of the Afram and Volta rivers through the Akwapim-Togo ranges.

The climate of Ghana is dominated by the northeast harmattan and the southwest monsoon winds. The harmattan, which blows from September through March, causes a generally dry season. The wet season lasts from March to September when the monsoon winds predominate. Rainfall ranges from about 85 inches a year in the extreme southwest to between 40 and 50 inches in the north. The major exception to this pattern is the coastal savanna, where annual rainfall averages less than 30 inches.

The annual mean temperatures range from 79° F. near the coast to 84° F. in the north. Highest temperatures are recorded in February and March, just before the rains begin. January is the coolest period in the north while the lowest temperatures in the south occur during August.

Cropping patterns in the different sections of Ghana are influenced by the type of soil and amount of rainfall. The drier areas of the north rely on drought-resistant sorghum and millet as the staple food crops. In the forest zone, the root crops--yams, cassava, and cocoyams--and plantains are the most important foods in the diet. This region is also the cocoa-producing area of Ghana. The coastal savanna is not well suited to agricultural production, except for the fertile lands of the Volta Delta where corn, palm oil, and onions are produced in surplus for market. Some cassava is grown in most of the coastal zone. Corn is produced throughout the country except for the driest areas of the north and the dense forest regions.

AGRICULTURAL PRODUCTION

As is true of almost all developing countries, agriculture dominates Ghana's economy. Approximately 50 percent of Ghana's gross domestic product comes from agriculture, contrasted with less than 5 percent from manufacturing. Ghana's agriculture is in turn dominated by cocoa, which accounts for one-third of the value of all crops grown, more than 60 percent of total exports, and a large proportion of Government revenue. For reasons which are not fully understood, cocoa seems to grow well only on land recently cleared of high forest growth. It requires a warm climate with evenly spaced rainfall. The forest is often not completely cleared and food crops are usually grown among the cocoa trees during the first few years. Intercropping with food crops also has the advantage of providing the farmer with a source of income while the cocoa trees are too young to produce any beans.

Next in importance to cocoa are the food crops: yams, cassava, plantains, cocoyams, sorghum, millet, and corn; none of these are exported. According to indices of agricultural production computed by the Economic Research Service, total food production in 1968 will be 46 percent above the 1957-59 average, and per capita food production will be 12 percent higher than average. Production figures for major crops are given in Table 1.

Table 1.--Ghanaian production of principal crops, average 1957-59, annual 1967-68

Crops	Average 1957-59	1967	1968[1]
	1,000 metric tons		
Plantains	1,550	2,092	2,050
Yams	1,217	1,814	1,800
Cassava	675	1,174	1,178
Cocoyams	592	643	635
Cocoa beans	264	430	405
Corn	181	282	250
Bananas	181	252	250
Sorghum & millet	178	163	180
Peanuts, in shell	39	50	50
Kola nuts	36	48	49
Pulses	35	48	45
Citrus	33	42	43
Rice, paddy	28	43	40
Palm oil	20	28	28

[1] Preliminary.

There are about 500,000 cattle in Ghana, most of which are the West African Shorthorn breed which has a mature liveweight of 300 to 550 pounds. Significant numbers of cattle (62,000 head in 1967) are imported, largely from Mali and Upper Volta. Goats and sheep number around 500,000 each. The sheep are non-wool-bearing and are kept for their meat. Livestock numbers are limited by the prevalence of the tsetse fly in approximately two-thirds of the country.

FOOD SUPPLY

Daily per capita food consumption (1959-61 average) was estimated by USDA to be 2,480 calories, of which 1,297 came from such starchy foods as yams, cassava, and plantains, another 699 from cereals, 47 from meat, and 15 from fish. The total number of calories consumed seems to be adequate (although local shortages occur due to uneven distribution); however, on the average, there is insufficient protein in the diet.

AGRICULTURAL TECHNOLOGY

Although cocoa is produced as a cash crop, food production in Ghana, with the exception of a few large commercial farms, is still basically subsistence, with a surplus for market only in especially good years. Shifting cultivation is still practiced in most areas of Ghana. Under this system, a farmer will clear a plot of land and cultivate it for 3 to 5 years. He will then permit the land to lie fallow for 10-15 years to restore its fertility. Family holdings average about 5 acres and are usually in scattered plots. The tsetse fly prevents the use of draft animals in much of the country.

Major efforts in agricultural technology have been directed toward cocoa research. The Cocoa Research Institute of Ghana at Tafo has experimented with the use of fertilizers and insecticides and has achieved very substantial gains in output per acre. The Institute has been successful in the introduction of more productive varieties of cocoa and the use of sprays against capsids, an insect which can cause a severe reduction in Ghana's cocoa output. There was some deterioration of cocoa stands during 1965 and 1966 due to a shortage of the insecticide used against capsids. In 1967, availability of this insecticide increased markedly because of greater domestic production. Swollen shoot virus is a disease which seriously affects cocoa trees in some regions of Ghana. To date, the only method of controlling swollen shoot has been the cutting out of infected trees. Between 1945 and 1965, almost 120 million trees were cut out. For a time, compensation was provided to farmers whose cocoa trees had to be destroyed. In recent years, replanting has begun in the Eastern Region, which was hardest hit by this virus.

Attempts are being made to improve animal husbandry by crossbreeding and introducing new breeds of cattle such as Brown Swiss and East African Sahiwals.

AGRICULTURAL TRADE

Cocoa beans and products accounted for more than two-thirds of the value of Ghana's total exports in 1967 (table 2). Even though the quantity of cocoa beans exported decreased from 429,000 tons for 1964-66 to 335,000 tons in 1967, total value was only slightly lower. Exports of cocoa butter, paste, and powder were all substantially larger in 1967 than they were during 1964-66. The net effect was an increase in the total value of exports of cocoa products during the reference period. This was due largely to increased processing of the beans within Ghana and a steady improvement in cocoa prices since 1965. In dollars per metric ton, New York Spot Accra prices and average value of cocoa beans exported from Ghana have been:

	Value	Price
1960	$604.5	$628.3
1961	478.5	500.4
1962	438.5	458.6
1963	463.9	557.8
1964	490.4	515.9
1965	380.7	381.4
1966	362.6	537.9
1967	508.8	639.3

Coffee is Ghana's second largest agricultural export, but makes up less than 1 percent of all exports. Farm commodities increased from 65 percent of total exports during 1964-66 to almost 70 percent in 1967.

As table 3 shows, total Ghanaian imports declined from 1964-66 to 1967. On the other hand, the value of agricultural imports increased slightly, accounting for the jump from 14 to 18 percent of total imports. Rice and wheat flour are the most important commodities in this category, reflecting a trend toward rice and bread consumption which is noticeable in most West African countries. Sugar, milk and cream, and cattle are also important agricultural imports.

Ghana's direction of trade did not change significantly during the period covered by tables 2 and 3. The United Kingdom takes the largest share of Ghana's exports and supplies more of its imports than any other country. Trade with the United Kingdom actually increased as a percentage of total trade from 1964-66 to 1967. The United States remained in second position during this period. While Ghana has been increasing her exports to the USSR, continuing a trend begun in the early 1960's, imports from the USSR in 1967 were less than half of what they were during 1964-66. Trade with Japan became much more valuable to Ghana during the reference period.

According to U.S. trade statistics, U.S. agricultural imports from Ghana increased by more than 50 percent from 1966 to 1967--from $27 million to $42 million. This reflects the higher prices paid per pound for cocoa beans during 1967. Cocoa beans and products accounted for 97 percent of U.S. agricultural imports from Ghana. While total U.S. exports to Ghana decreased during 1967, agricultural exports increased slightly, from $15 million to $16 million. Rice accounted for more than one-third of the value of all farm commodities shipped to Ghana. Other important items were inedible tallow, wheat flour, tobacco, and cotton. Ghana has been the recipient of more than $30 million in Public Law 480 food aid since the first agreement was signed in April 1966.

AGRICULTURAL POLICY

The development of agriculture is being emphasized by the Government of Ghana. Since foodstuffs make up about 15 percent of total imports, the primary goal is self-sufficiency. However, Ghana's rapidly increasing population makes this goal difficult to achieve. To implement this program, price supports have been established for rice and corn, the extension service is being improved, crop experimentation is being intensified, and purchases of fertilizers and insecticides are being subsidized.

Efforts toward diversification of agriculture are also being made by the Government. Since cocoa can be grown only in the forest region, plans are to develop cash crops for the other areas of the country. The Ministry of Agriculture is encouraging the cultivation of rice, oil palm, sugarcane, corn, and some vegetable fibers in this program.

Cocoa, the mainstay of the economy, has received appropriate consideration in

Table 2.--Ghana's principal agricultural exports to leading countries of destination, by quantity and value, average 1964-66, annual 1967

Commodity and country	Quantity		Value		Percentage of Total exports	
	Average 1964-66	1967	Average 1964-66	1967	Average 1964-66	1967
	1,000 metric tons		1,000 dollars		Percent	
Cocoa beans	429.1	334.9	175,358	170,382	58.3	57.6
United States	104.8	74.4	41,495	37,254		
USSR	51.9	57.9	23,698	24,851		
United Kingdom	29.7	39.6	11,594	20,651		
West Germany	60.8	29.9	24,540	16,047		
Japan	20.7	23.5	8,396	12,496		
Netherlands	46.4	21.3	18,481	11,145		
Poland	12.3	14.7	5,405	8,186		
Yugoslavia	19.2	10.5	7,691	5,812		
Ireland	4.7	9.6	1,950	5,044		
East Germany	8.4	6.1	3,381	3,454		
Cocoa butter	17.8	23.8	14,837	25,383	4.9	8.6
United Kingdom	7.8	10.0	6,021	10,256		
Japan	2.5	3.9	1,735	4,217		
United States	.8	3.1	885	3,523		
Cocoa paste	4.8	24.6	598	2,777	.2	.9
United Kingdom	1.3	6.8	196	1,026		
Netherlands	2.6	15.8	208	854		
Cocoa powder	1.6	3.6	290	665	.1	.2
United States	.8	3.0	70	531		
Coffee	5.6	4.0	2,057	1,601	.7	.6
United Kingdom	2.8	1.2	826	597		
United States	1.0	1.2	427	362		
Kola nuts	2.1	4.7	601	670	.2	.2
Nigeria	1.9	4.6	591	650		
Shea nuts	3.3	5.6	300	348	.1	.1
Japan	1.7	3.3	152	192		
Other agricultural exports			2,622	3,602	.9	1.2
Total agricultural			196,663	205,428	65.4	69.4
Nonagricultural			103,925	90,537	34.6	30.6
Total exports			300,588	295,967	100.0	100.0
United Kingdom			68,998	79,511	23.0	26.9
United States			51,990	49,985	17.3	16.9
USSR			24,871	25,409	8.3	8.6
Netherlands			27,784	21,978	9.2	7.4
West Germany			29,053	20,209	9.7	6.8
Japan			10,633	20,139	3.5	6.8

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Table 3.--Ghana's principal agricultural imports from leading countries of origin, by quantity and value, average 1964-66, annual 1967

Commodity and country	Quantity		Value		Percentage of total imports	
	Average 1964-66	1967	Average 1964-66	1967	Average 1964-66	1967
	1,000 metric tons		1,000 dollars		Percent	
Rice	39.3	40.1	6,450	7,513	1.7	2.4
United States	38.3	40.1	6,319	7,507		
Wheat flour	40.8	52.2	4,769	7,459	1.3	2.4
Canada	25.3	30.4	3,318	4,734		
United States	6.4	20.3	940	2,477		
Sugar, refined	54.5	59.9	8,375	6,659	2.2	2.2
France	20.0	18.5	2,985	2,677		
United Kingdom	11.8	21.3	1,560	2,402		
Milk and cream	17.6	17.7	5,798	6,340	1.5	2.1
Netherlands	10.1	7.4	3,103	2,905		
United Kingdom	4.5	8.4	1,857	2,661		
United States	2.3	1.2	355	303		
Cattle (1,000 head)	65.2	62.4	7,258	6,210	1.9	2.0
Upper Volta	30.0	29.3	3,327	2,691		
Mali	27.5	22.1	3,038	2,314		
Meat and meat preparations	6.1	6.1	3,582	4,480	.9	1.5
Tallow	12.3	19.9	2,465	3,330	.6	1.1
United States	9.3	15.6	1,799	2,587		
Canada	1.1	2.0	213	331		
Tobacco, unmfd.	6.6	8.2	1,781	1,764	.5	.6
United States	1.4	7.7	888	1,517		
Cotton, raw	.4	1.7	322	1,099	.1	.4
United States	.4	1.7	319	1,099		
Other agricultural imports			14,912	11,046	3.9	3.5
Total agricultural			55,712	55,900	14.6	18.2
Nonagricultural			324,697	251,204	85.4	81.2
Total imports			380,409	307,104	100.0	100.0
United Kingdom			103,487	92,930	27.2	30.3
United States			42,784	51,627	11.2	16.8
West Germany			35,471	28,808	9.3	9.4
Japan			18,795	17,719	4.9	5.8
Netherlands			19,151	15,267	5.0	5.0
USSR			22,407	10,357	5.9	3.4

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agricultural policy decisions. The price paid to producers has been increased from N₵6.50 to N₵7.00 per 60-pound headload (from 10.6 cents to 11.4 cents a pound) for the 1968/69 season. A minimum price of N₵6.00 per headload (9.8 cents a pound) has been guaranteed by the Government for the next 3 years. Favorable world market prices continue to provide strong support for this program. In addition to the provision of increased supplies of insecticides and spraying equipment, the Government plans replanting of 1,000 acres of cocoa with higher-yielding hybrid varieties, principally in those areas which have been badly hit by swollen shoot disease.

GENERAL ECONOMIC SITUATION

The Ghanaian economy is recovering from a difficult period. The gross national product, which grew an average of 4.4 percent from 1960 to 1964, rose only 0.7 percent in 1965. Since then, cocoa prices have gone up and with aid from international organizations, the present Government (which came to power in February 1966) instituted a program of stabilization and reform which ran through July 1968. The balance of payments deficit for 1967 was only 13 percent of what it had been in 1965.

The new 2-year development plan was launched in July 1968 and will cover the period to mid-1970. Total investment called for under the plan is $217 million with the goal a 6 percent growth rate in GNP. The plan emphasizes the need for private investment in all sectors of the economy, especially in agriculture and manufacturing. Imports of consumer goods will have to be reduced in order to increase imports of raw materials for domestic production, and, at the same time, conserve scarce foreign exchange reserves. The plan will be superseded by a more comprehensive long-range development plan in 1970.

The transportation system is relatively developed in the southern part of the country, but there are still large areas in the north which lack adequate facilities. There are 790 miles of railroad forming a triangle with Accra, Kumasi, and Takoradi at the points, and 20,629 miles of road of which 9,189 miles are improved (2,183 are paved). There are two major ports, Tema and Takoradi. As late as 1952 Tema was a small fishing village. In 1961 the port began operations, and Tema is now an important industrial complex as well as a major port. Tema now handles about 50 percent of total tonnage including a majority of the imports. Takoradi is still the main export harbor.

The Volta River Project, which includes the hydroelectric dam at Akosombo and the aluminum smelter at Tema, was formally completed in early 1966. During 1966, 481.8 million kilowatt-hours of electricity were produced. Most of the power is used by the smelter, which has now reached its rated annual capacity of 103,000 tons. During 1967, 40,000 tons of aluminum (worth $9.4 million) were exported. The lake which is forming behind the dam will be 250 miles long and cover an area of 3,275 square miles. The potential of the lake for inland fishing, transportation, and irrigation has not yet been fully surveyed or developed.